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STATISTICAL BULLETIN

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The Conference Board

COMMENT

The recovery is behind us. Both real GNP and industrial production are now higher than they were before the two back-to-back recessions. To be sure, a few sectors still have some catching up to do: Housing starts and car sales remain well below their peak levels, and the unemployment rate is considerably higher at the end of 1983 than it was at the end of 1979. However, the economy in general appears to be moving out of the recovery and into the expansion phase of the business cycle. This suggests that we have seen the last of quarterly growth rates for real GNP in the 6 to 9% range (seasonally adjusted annual rates). A brisk pace of activity is typical in early recovery periods as the economy regains ground lost in the prior recession. That accomplished, growth typically recedes to a more sustainable pace. That is precisely what the *Economic Forecasts* are telling us is in store for 1984.

The inventory buildup will continue into the early months of next year. Consumer demand is also likely to be rather strong in the beginning of the new year, although it will probably begin to moderate in the second half of 1984. Business investment, on the other hand, will probably be strengthening through the next year. In other words, 1984 looks to be the year in which a consumer-led recovery gives way to an investment-sustained expansion.

With the benefit of 20/20 hindsight, it is easy to see that the *Economic Forecasts* failed to anticipate how quickly and strongly a recovery would develop in 1983 until it had already begun to take shape. Almost two years ago, when the economy had just barely pulled out of one recession and was mired in yet another, we reported here that the median expectation for real GNP growth from the fourth quarter of 1982 to the fourth quarter of 1983 was 4.0%, that the GNP deflator would rise by 7%, and that the unemployment rate would go as high as 8.1% by the fourth quarter of 1983. One year later, with recovery beginning to develop, the median expectation was still for about a 4% growth rate in real output during the fourth quarters of 1983, but the inflation forecast had been shaved to only about a 5½% rate, and the expected unemployment rate for the fourth quarter of 1983 was put at just over 10 percent. As shown in the accompanying chart, the real-growth forecast has been steadily revised upward all year, and the inflation and unemployment rate forecasts have been steadily lowered. The current expectation is that when the dust finally settles, real GNP will have grown by 6.3% from the fourth quarter of 1982 to the fourth quarter of 1983; prices will have risen by only 4.3%; and the unemployment rate will average 9% for the fourth quarter of 1983. (These forecasts were made before the announcement of an 8.8% unemployment rate for October.)

Prospects for real growth, inflation and unemployment in 1984 have undergone less revision than the 1983 outlook. That is not necessarily attributable to any great or fundamental lessons learned from the latest run through the business cycle. Rather, it is simply easier to track the course of economic trends than to perceive major turning points in these trends accurately. Last December, the median expected real growth rate from the fourth quarter of 1983 to the fourth quarter of 1984 was 4.1%; inflation was expected to be about 6%; and the unemployment rate was anticipated to improve to 8.6% by the fourth quarter of 1984. The accompanying chart shows that real output is currently anticipated to rise by 4.7% in this four-quarter span; inflation to be 5½%; and the unemployment rate to fall to 8.2% by the fourth quarter of 1984. Thus, the *Economic Forecasts* are more optimistic about general business conditions in 1984 than they were a year ago. Foreign trade and federal deficits still loom large, and real interest rates—the rate of interest in relation to the rate of inflation—remain very high. But it now appears reasonable to assume that, these and other problems notwithstanding, business investment will begin to recover and lend enough support to the expansion to keep it moving forward.

When the focus shifts to 1985, the problems of how to sustain strong business investment become more pronounced. Prospects are that the economy will grow more slowly in 1985 than in 1984 but with little or no acceleration in inflation. Six of the eight *Economic Forecasts* extend through the fourth quarter of 1985 (last quarter in the forecast horizon). Their expectations for real growth from the fourth quarter of 1984 to the fourth quarter of 1985 range from only 2½% to 4%—with a median of only 3 percent. The range for inflation is a narrow 5.1% to 6.4%—with a median of 5.6%, just about the same rate expected to prevail in 1984. Forecasts for the unemployment rate by the fourth quarter of 1985 range from 8.2% to 7.7%—with a median of 7.9 percent. Even after three years of solid economic performance, then, the anticipation is that the legacy of 1980-1982 will be a sustained period of high unemployment. Further, these forecasts clearly point a danger of the expansion running out of gas in the se-

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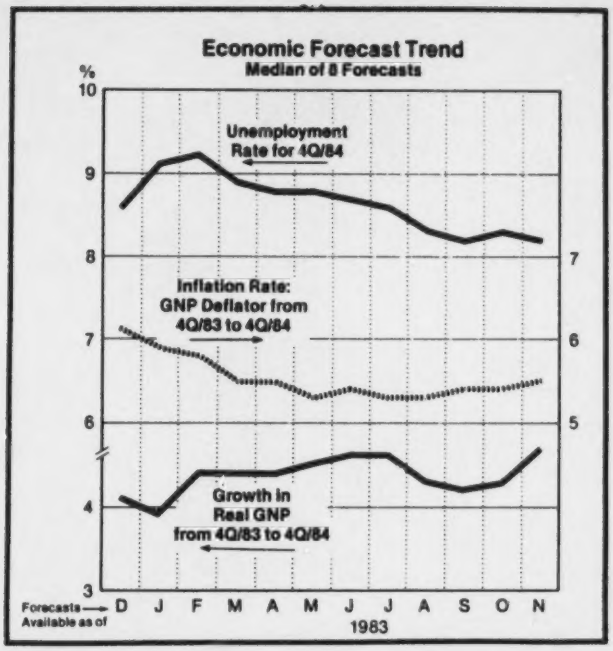


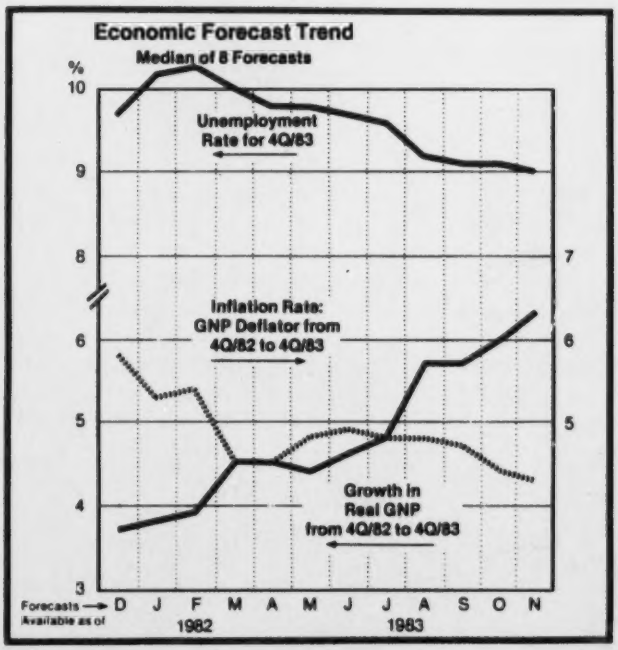
cond half of 1985. Some of the *Economic Forecasts* are indicating that real output growth may slow to a sluggish rate of 2½%, or even a mere 1.2%, in the third or fourth quarters of 1985. On the other side of the ledger, the genuinely good news is that inflation is expected to remain in check even three full years after the onset of a new expansionary phase of the cycle. There are any number of storm clouds threatening this economic expansion, but—as the general outlook would indicate—galloping inflation is not one of them.

If inflation is to remain under control through 1985, strong labor productivity gains and moderation in wage gains must continue. The data on the *Key Determinants of Profit Margins* chart show that output per hour in the nonfinancial corporate sector rose by a vary sizable 6.3% in the second quarter of 1983, and by only slightly less in the third quarter (seasonally adjusted annual rates). Average hourly compensation in this sector, on the other hand, increased by only 3% in the second quarter and by slightly more than that in the third quarter. It was not so long ago that compensation was consistently rising at about a 10% rate while productivity gains were negligible. The situation has turned around so completely that now productivity gains have been higher than the rise in compensation for two straight quarters. Thus, unit labor cost has actually fallen. There has been no cost-push pressure on prices for the last six months. A 6% productivity gain, in similar fashion to a 6% gain in real GNP, reflects an economy coming out of recession and recovering lost ground. Hence, just as real output growth is expected to slow to a more moderate but sustainable pace, gains in labor productivity are likely to subside gradually to something closer to 1½% to 2½% as the expansion continues. This implies that unit labor cost may begin to rise a little and perhaps settle in at about a 6% pace—assuming wage gains speed up to no more than 6 to 8 percent. Absent any unusual disturbance in nonlabor cost, then, a 6% or so rise in prices is at least within the range of the possible, if not the probable.

Strong demand for consumer goods and for inventory have been spurring sizable increases in production. Given the pronounced rise in productivity, production has continued to climb faster than employment all year. Nevertheless, new jobs continue to open up at a rate of several hundred thousand per month. And twice, first in July and again in October, the unemployment rate dropped by one-half percent. The Conference Board's *Help-wanted Index*, a measure of demand for labor, has been rising for the past year—from a low of 73 (1967 = 100) in September, 1982, to 97 in September, 1983. Early indications are that it may well have risen by another 10 points in October. The paychecks earned from all this employment growth strongly suggest added consumer buying power in time for what may be the best Christmas season for retailers in the last five years.

The effective exchange rates shown on the *Foreign Exchange Rate* chart have been revised. The new charts show an index (1980-1982 = 100) for each country's trade-weighted appreciation or depreciation, measured against 15 other major currencies. Even on this new basis, low domestic inflation and high interest rates still result in an overappreciated dollar.

Ken Goldstein
Nov. 10, 1983

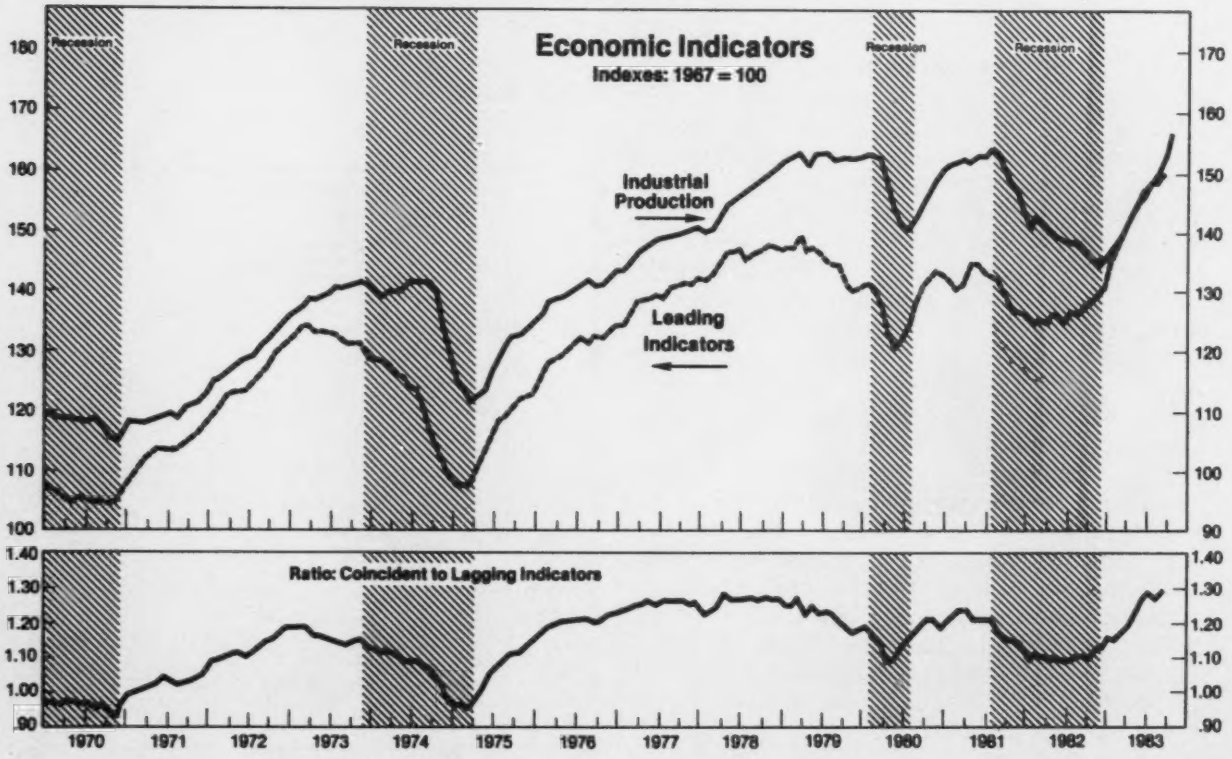


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change from year-ago
		(Classification of series	based on movement over several	months)		
Leading Economic Indicators	Sept.	X			+ 1.9%	+16.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Sept.	X			+ 2.3%	+25.0%
New orders, nondefense capital goods (deflated)	Sept.	X			+ 1.3%	+27.2%
*Net business formation	Sept.		X		— 0.9%	+ 4.4%
*Housing permits	Sept.			X	—14.5%	+46.3%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Sept.		X		+ 2.5%	+18.4%
*Change in inventory, on hand & order (deflated)	Aug.	X			+15.0%	+21.9%
Purchasing agents' buying policy	Oct.	X			+ 3 %	+11 %
*Vendor performance, reported slower deliveries	Sept.	X			+ 8 %	+20 %
Industrial raw materials prices	Oct.	X			+ 6.1%	+15.4%
*Change in sensitive material prices	Sept.		X		— .1%	+ 1.5%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Sept.		X		+ 0.2%	+ 8.7%
Change in business loans	Sept.			X	—10.9%	—27.9%
*Change in credit outstanding	Aug.	X			+13.0%	+ 7.1%
Change in consumer installment debt	Aug.	X			+ 8.3%	+39.9%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q	X			+17.2%	+ 6.7%
*Common stock prices	Oct.		X		+ 0.9%	+27.0%
Marginal Employment Adjustments						
*Average workweek, mfg.	Oct.	X			+ 0.4hr.	+ 1.7hr.
*Initial unemployment claims (inverted)	Oct.		X		0 %	+41.6%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators,* (Washington, D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



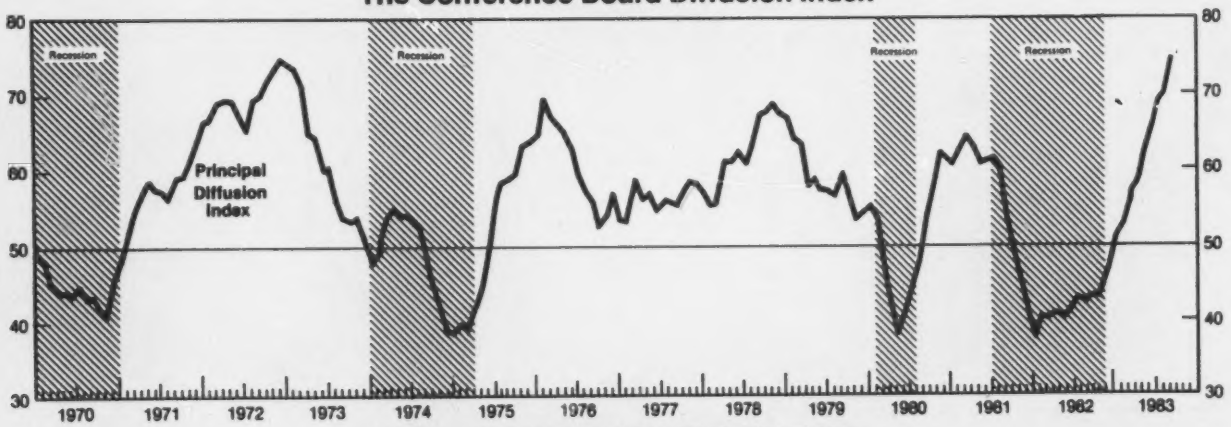
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1982 Sept.	1983 June	1983 July	1983 Aug.	1983 Sept.(e)
Principal Diffusion Index	39.8	65.5r	68.9r	70.0r	74.7
Auxiliary Diffusion Index	51.3	59.9r	61.1r	53.3r	65.4
Industrial Group	29.8	67.4	72.6	73.3r	78.9
Nonindustrial Group	49.8	63.6r	65.3r	66.7r	70.5
Sense of Diffusion	-1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	45.7	67.9	73.9	79.9r	85.5
Labor	16.8	66.2	73.3	71.9	77.6
Miscellaneous	38.5	69.9	68.6	66.7	72.4
Nonindustrial Subgroups					
Prices	38.5	70.5	76.3	73.7	78.2
Consumer	58.1	77.4	76.9	70.9	74.8
Building	46.2	51.9	51.9	59.6r	59.0
Miscellaneous	51.5	53.0r	55.3r	62.4r	68.8

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would register 50. On the other hand, if all 20 series rose in each of the last six months after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1981 Feb.	1981 May	1981 Aug.	1981 Nov.	1982 Feb.	1982 May	1982 Aug.	1982 Nov.	1983 Feb.	1983 May.	1983 Aug.
	Score (scale 0-100)										
Measure of Business Confidence	58	61	57	43	47	52	55	60	70	76	75
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	50	57	48	26	23	30	38	44	65	76	82
2. Expectations for Economy, Six Months Ahead	63	64	63	51	59	64	65	70	76	78	74
3. Expectations for Own Industry, Six Months Ahead	61	61	60	52	58	61	61	65	70	72	69

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

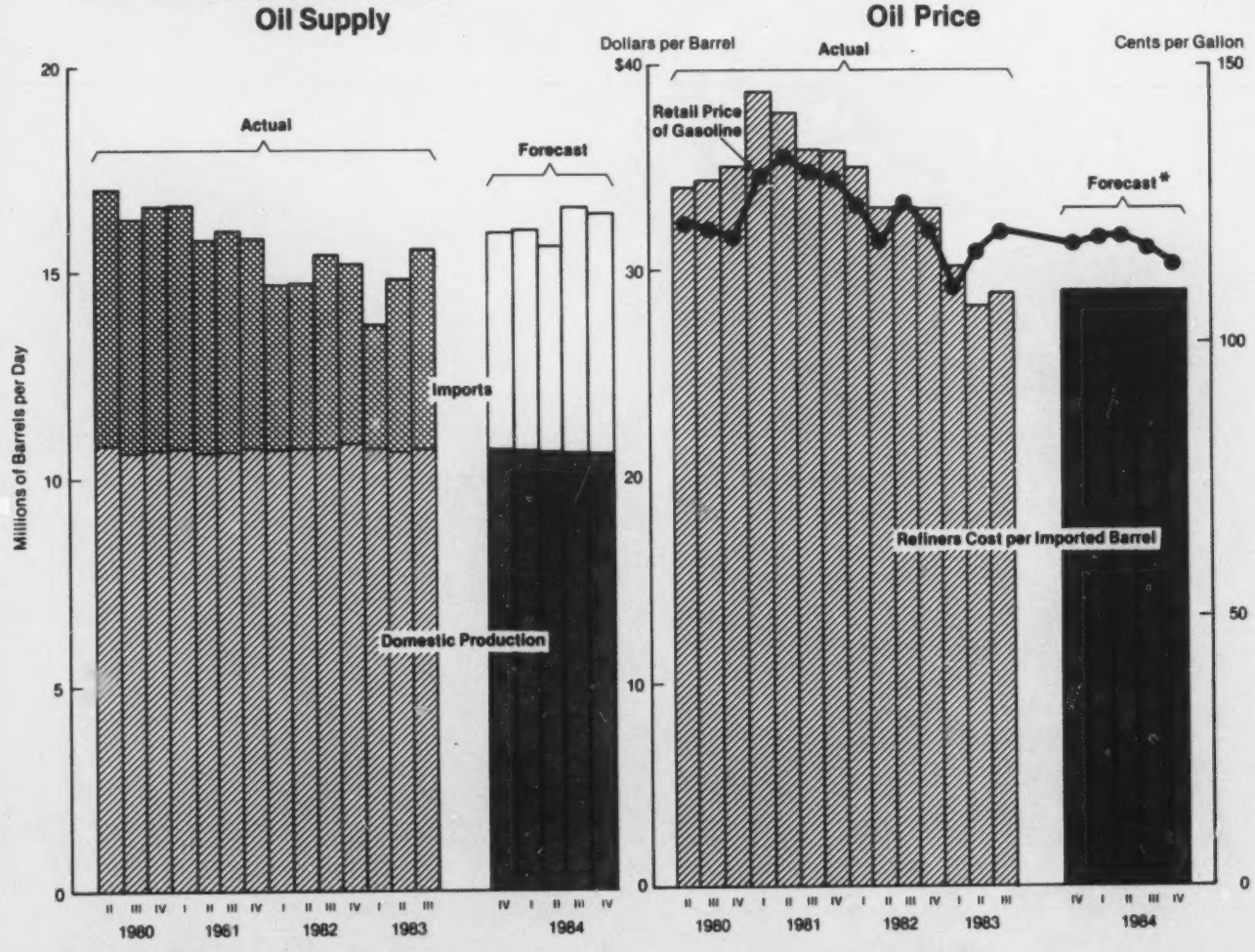
	1981	1982				1983		Percent Change From Previous Year		
	IV	I	II	III	IV	Ir	IIp	1981 Actual	1982 Actual	1983 Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	23.035	25.176	20.025	18.439	21.488	20.176	20.955	2	—18	2
Capital expenditures	26.225	26.660	25.552	23.991	22.887	18.841	18.687	15	— 3	—12
Change in appropriations backlog*	—4.610	—2.259	—7.326	—8.726	—3.395	—0.716	1.319			
Durable Goods										
New appropriations	9.595	8.785	7.398	7.724	8.238	8.197	9.554	—5	—24	8
Capital expenditures	11.016	11.069	10.505	9.684	8.949	7.918	7.795	4	— 7	—16
Change in appropriations backlog*	—1.961	—2.723	—3.903	—4.556	—1.351	—0.606	1.422			
Nondurable Goods										
New appropriations	13.480	16.391	12.627	11.215	13.250	11.979	11.401	7	—14	—2
Capital expenditures	15.209	15.591	15.047	14.307	13.938	10.923	10.892	24	0	—10
Change in appropriations backlog*	—2.649	0.464	—3.423	—4.170	—2.044	—0.110	—0.103			
ELECTRIC & GAS UTILITIES										
New appropriations	8.916	8.803r	8.502r	10.603r	10.803r	6.966	6.327			
Capital expenditures	8.424	8.958r	8.835r	9.018r	9.331r	9.032	9.343			
Change in appropriations backlog*	—3.677	—9.039r	—1.772r	+0.680r	—4.492r	—5.709	—6.307			

Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request.

r—revised p—preliminary

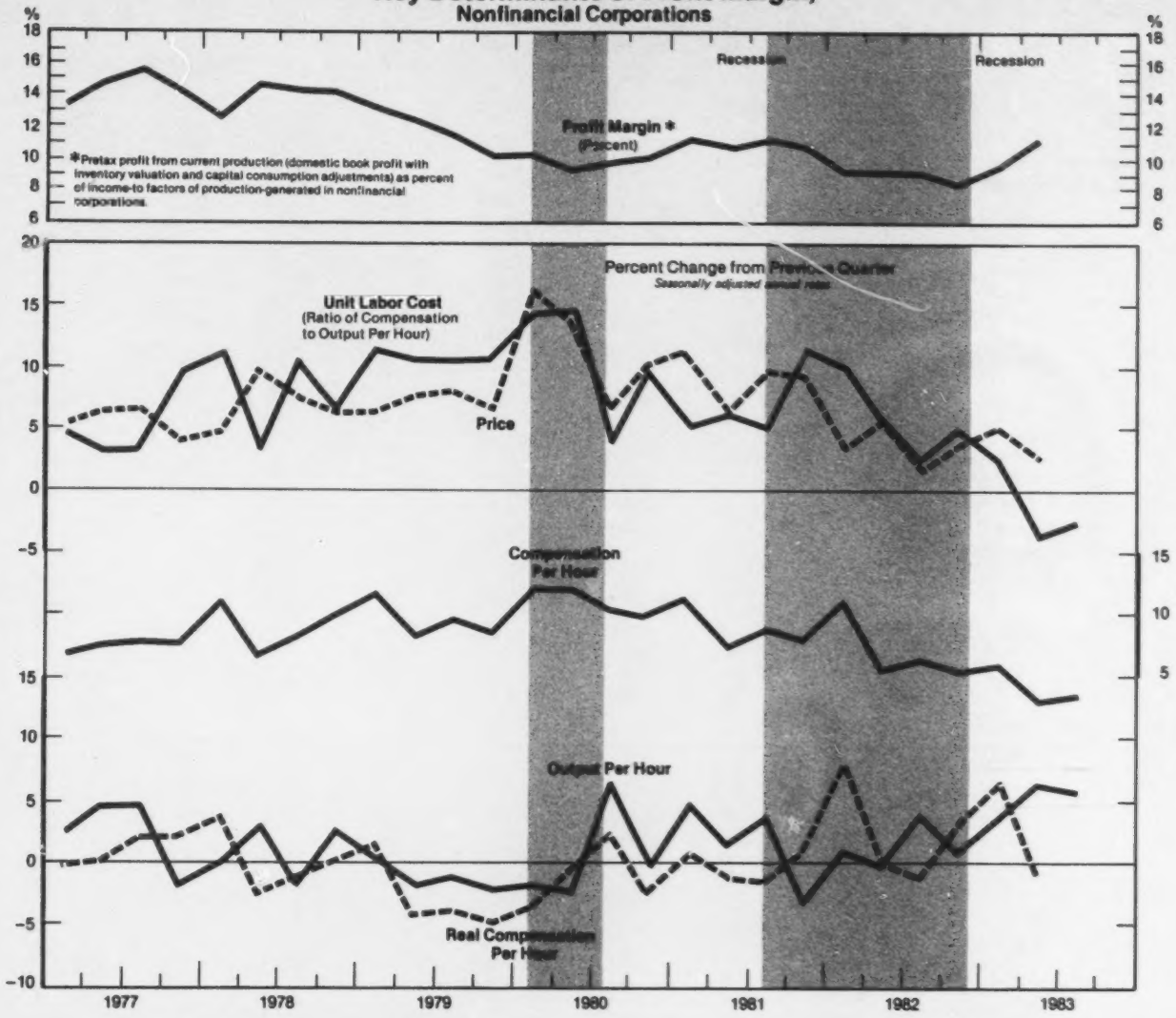
* Change in Backlog = New Appropriations — (Expenditures + Cancellations + Other Adjustments).

** Results based on survey respondents' expectations.

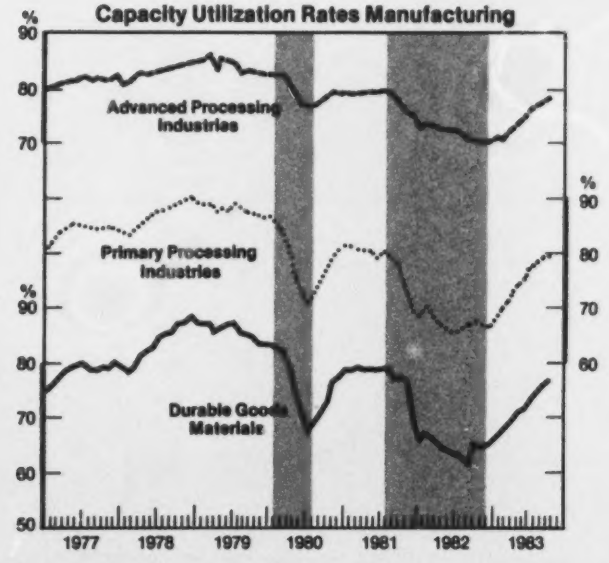


*Source: of Forecast is The Energy Information Administration; Department of Energy.

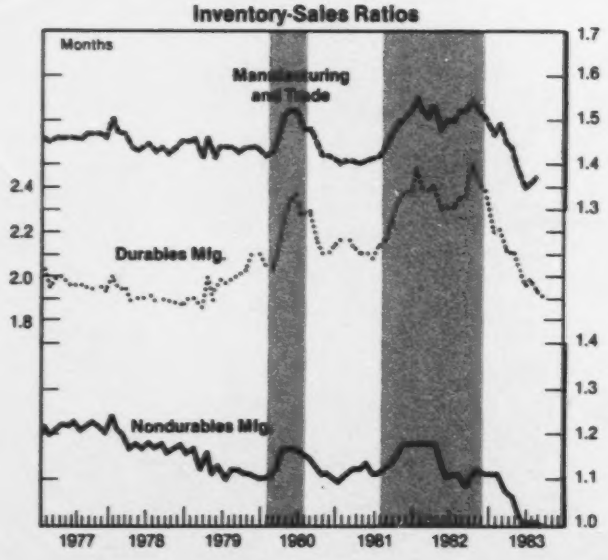
Key Determinants of Profit Margin,
Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios



ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[2]		Merrill Lynch Economics Inc.[1]		E.I. duPont de Nemours & Co.[2]		Georgia State University[2]	
Date of Forecast			*Oct. 1983*		*Oct. 1983*		*Oct. 1983*		*Oct. 1983*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1983**	**III**	**$3383.3**	**11.8%**			**$3383.3**	**11.8%**	**$3383.3**	**11.8%**
Forecast		IV	3450.4	10.8	$3439.3	9.7%	3436.1	9.9	3462.4	12.3
	1984	I	3528.9	9.4	3517.2	9.4	3516.5	9.7	3556.6	11.8
		II	3615.7	10.2	3606.9	10.6	3598.7	9.7	3639.9	9.7
		III	3706.4	10.7	3703.5	11.2	3681.9	9.6	3712.9	8.3
		IV	3811.2	11.6	3801.9	11.1	3781.2	11.2	3813.7	11.3
	1985	I	3916.7	11.5			3870.1	9.7	3891.4	8.4
		II	4022.2	11.2			3962.4	9.9	3976.7	9.1
		III	4110.1	9.0			4051.0	9.2	4060.4	8.7
		IV	4186.6	7.6			4135.3	8.8	4150.2	9.1
	1983	Annual	3314.3	7.9	3310.8	7.7	3310.7	7.7	3317.3	8.0
	1984	Annual	3666.1	10.6	3657.4	10.5	3644.6	10.1	3680.8	11.0
	1985	Annual	4059.4	10.7			4004.8	9.9	4019.7	9.2
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1983**	**III**	**$1554.4**	**7.8%**			**$1554.4**	**7.8%**	**$1554.4**	**7.8%**
Forecast		IV	1573.8	5.1	$1569.5	4.9%	1569.0	3.8	1581.6	7.2
	1984	I	1587.7	3.6	1584.5	3.9	1584.0	3.9	1604.8	6.0
		II	1605.9	4.7	1602.9	4.7	1603.0	4.9	1623.6	4.8
		III	1625.1	4.9	1623.2	5.2	1622.0	4.8	1636.0	3.1
		IV	1647.1	5.5	1643.0	5.0	1644.0	5.5	1656.7	5.2
	1985	I	1666.6	4.8			1661.0	4.2	1667.8	3.6
		II	1684.3	4.3			1679.0	4.4	1682.8	3.8
		III	1699.1	3.6			1695.0	3.9	1695.4	3.0
		IV	1711.0	2.8			1709.0	3.5	1708.4	3.1
	1983	Annual	1535.9	3.4	1533.9	3.3	1534.7	3.3	1537.8	3.5
	1984	Annual	1616.5	5.2	1613.4	5.2	1613.3	5.1	1630.3	6.0
	1985	Annual	1690.3	4.6			1686.0	4.5	1668.6	3.6
Gross National Product Deflator Index, 1972 = 100										
Actual	**1983**	**III**	**216.4**	**3.5%**			**216.4**	**3.5%**	**216.4**	**3.5%**
Forecast		IV	219.2	5.4	219.1	4.8%	219.0	4.9	218.9	4.8
	1984	I	222.3	5.6	222.0	5.3	222.0	5.6	221.6	5.0
		II	225.2	5.3	225.0	5.6	224.5	4.6	224.2	4.7
		III	228.2	5.5	228.2	5.7	227.0	4.5	226.9	5.0
		IV	231.4	5.7	231.4	5.8	230.0	5.4	230.2	5.8
	1985	I	235.0	6.4			233.0	5.3	233.3	5.5
		II	238.8	6.7			236.0	5.2	236.3	5.2
		III	241.9	5.3			239.0	5.2	239.5	5.5
		IV	244.8	4.9			242.0	5.1	242.9	5.9
	1983	Annual	215.7	4.3	215.8	4.3	215.7	4.3	215.7	4.2
	1984	Annual	226.7	5.1	226.6	5.0	225.9	4.7	225.7	4.7
	1985	Annual	240.1	5.9			237.5	5.1	238.0	5.4
Unemployment Rate										
Actual	**1983**	**III**	**9.4%**		**9.4%**		**9.4%**		**9.4%**	
Forecast		IV	9.0		9.1		9.2		9.1	
	1984	I	8.6		9.0		9.2		8.9	
		II	8.4		8.7		8.9		8.7	
		III	8.2		8.4		8.6		8.7	
		IV	8.1		8.2		8.3		8.5	
	1985	I	8.0				8.1		8.4	
		II	8.0				7.8		8.3	
		III	7.9				7.6		8.2	
		IV	7.8				7.5		8.2	
	1983	Annual	9.7		9.8		9.8		9.8	
	1984	Annual	8.3		8.6		8.8		8.7	
	1985	Annual	7.9				7.8		8.3	

Notes: Percentage change represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (2nd revision) second quarter data.

[2]Preliminary third quarter data.

ECONOMIC FORECASTS (continued)

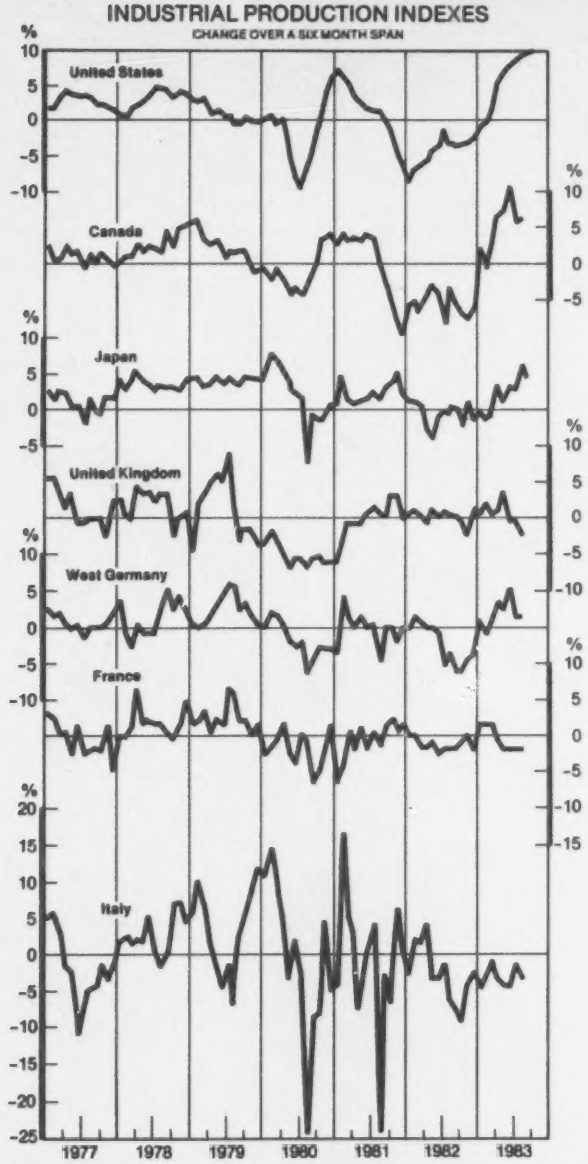
The Conference Board[1] Oct. 1983		Chase Econometric Associates, Inc.[1] Oct. 1983		Data Resources Inc.[1] Oct. 1983		Wharton E.F.A. Inc.[1] Oct. 1983				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$3383.3	11.6%	$3383.3	11.6%	$3383.3	11.6%	$3383.3	11.6%	III	1983	Actual
3468.0	13.0	3441.9	9.7	3453.2	11.1	3357.7	11.7	IV		Forecast
3552.0	10.0	3519.8	9.4	3544.7	11.0	3543.7	10.3	I	1984	
3629.0	9.0	3601.1	9.6	3632.5	10.3	3634.9	10.7	II		
3704.0	8.5	3685.5	9.7	3716.7	9.6	3722.5	10.0	III		
3803.0	11.1	3780.3	10.7	3794.6	8.7	3815.6	10.4	IV		
		3880.1	11.0	3866.7	7.8	3899.6	9.1	I	1985	
		3964.5	9.0	3935.9	7.4	3990.7	9.7	II		
		4042.7	8.1	4006.6	7.6	4076.1	8.3	III		
		4130.2	8.9	4088.9	8.3	4151.5	7.6	IV		
3318.7	8.0	3312.2	7.8	3315.0	7.9	3316.1	7.9	Annual	1983	
3672.0	10.6	3646.7	10.1	3672.1	10.8	3679.2	10.9	Annual	1984	
		4004.4	9.8	3975.0	8.2	4029.5	9.5	Annual	1985	
								Gross National Product Billions of Constant (1972) Dollars		
$1554.4	7.9%	$1554.4	7.9%	$1554.4	7.9%	$1554.4	7.9%	III	1983	Actual
1566.4	8.5	1572.1	4.6	1574.8	5.4	1577.9	6.2	IV		Forecast
1604.3	4.6	1587.1	3.9	1594.4	5.1	1598.7	5.4	I	1984	
1615.4	2.8	1602.8	4.0	1612.8	4.7	1619.3	5.3	II		
1626.1	2.7	1619.8	4.3	1630.0	4.3	1636.5	4.2	III		
1645.4	4.8	1635.2	3.9	1643.6	3.4	1651.9	3.8	IV		
		1649.5	3.5	1654.6	2.7	1666.0	3.5	I	1985	
		1659.7	2.5	1663.8	2.2	1682.0	3.9	II		
		1669.1	2.3	1674.3	2.5	1694.5	3.0	III		
		1679.1	2.4	1685.3	2.7	1699.7	1.2	IV		
1539.0	3.6	1535.4	3.4	1536.1	3.4	1536.9	3.5	Annual	1983	
1622.8	5.4	1611.2	4.9	1620.2	5.5	1626.6	5.8	Annual	1984	
		1664.4	3.3	1669.5	3.0	1685.6	3.6	Annual	1985	
								Gross National Product Deflator Index, 1972 = 100		
216.4	3.5%	216.4	3.5%	216.4	3.5%	216.4	3.5%	III	1983	Actual
218.6	4.2	218.9	4.8	219.3	5.5	219.1	5.2	IV		Forecast
221.4	5.2	221.8	5.3	222.3	5.7	221.7	4.7	I	1984	
224.7	6.0	224.7	6.3	225.2	5.3	224.5	5.2	II		
227.8	5.7	227.5	5.2	228.0	5.0	227.5	5.4	III		
231.1	6.0	231.2	6.8	230.9	6.1	231.0	6.3	IV		
		235.2	7.2	233.7	5.0	234.1	5.5	I	1985	
		238.9	6.3	236.6	5.0	237.3	5.8	II		
		242.2	5.7	239.4	4.9	240.5	5.7	III		
		246.0	6.4	242.6	5.6	244.2	6.3	IV		
215.6	4.2	215.7	4.2	215.8	4.3	215.7	4.3	Annual	1983	
226.2	4.9	226.3	4.9	226.6	5.0	226.1	4.8	Annual	1984	
		240.6	6.3	238.1	5.1	239.0	5.7	Annual	1985	
								Unemployment Rate		
9.4%		9.4%		9.4%		9.4%		III	1983	Actual
8.7		8.9		8.9		9.1		IV		Forecast
8.4		8.7		8.5		9.0		I	1984	
8.3		8.5		8.3		8.7		II		
8.3		8.4		8.1		8.5		III		
8.1		8.3		8.0		8.3		IV		
		8.2		7.9		8.1		I	1985	
		8.2		8.0		7.9		II		
		8.2		8.0		7.6		III		
		8.2		8.0		7.7		IV		
9.7		9.7		9.7		9.8		Annual	1983	
8.3		8.5		8.2		8.6		Annual	1984	
		8.2		8.0		7.8		Annual	1985	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900

SELECTED INTERNATIONAL COMPARISONS

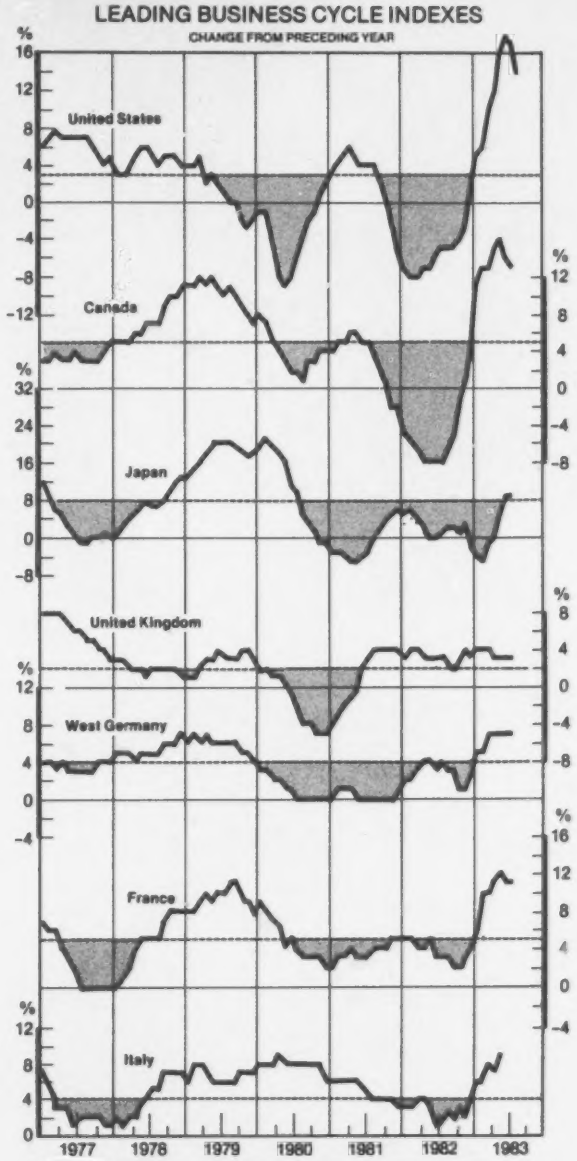
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



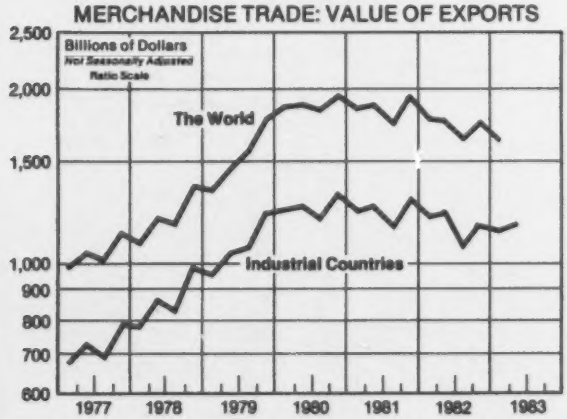
LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR

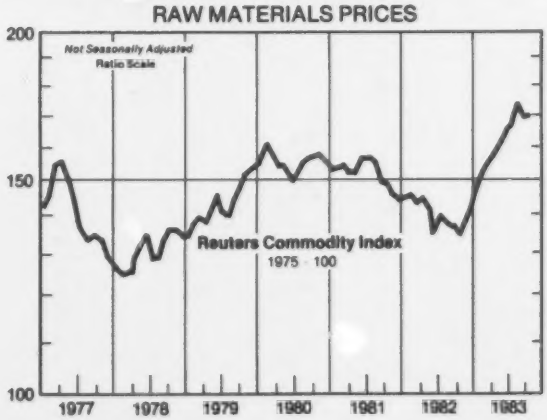


Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

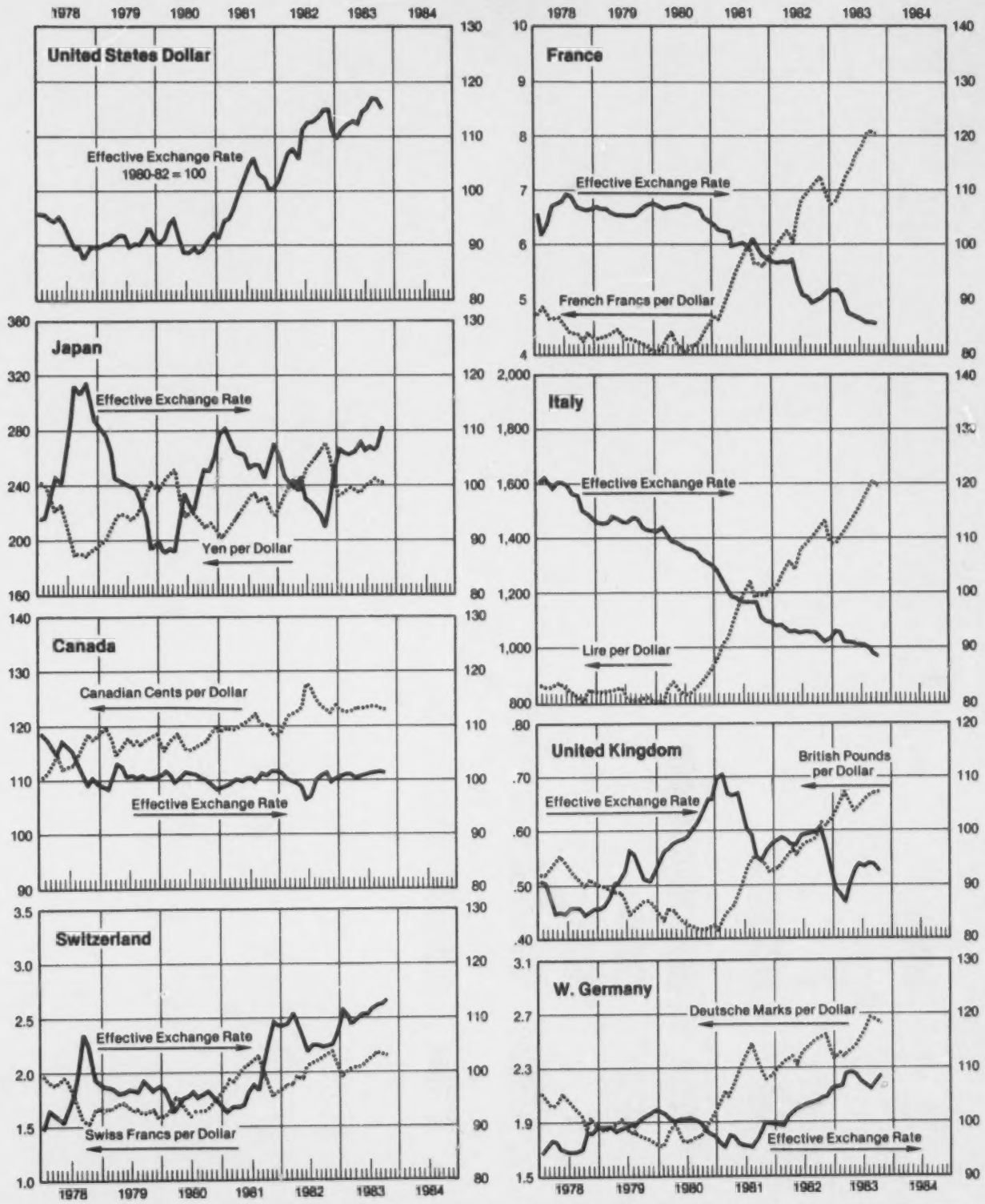


RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



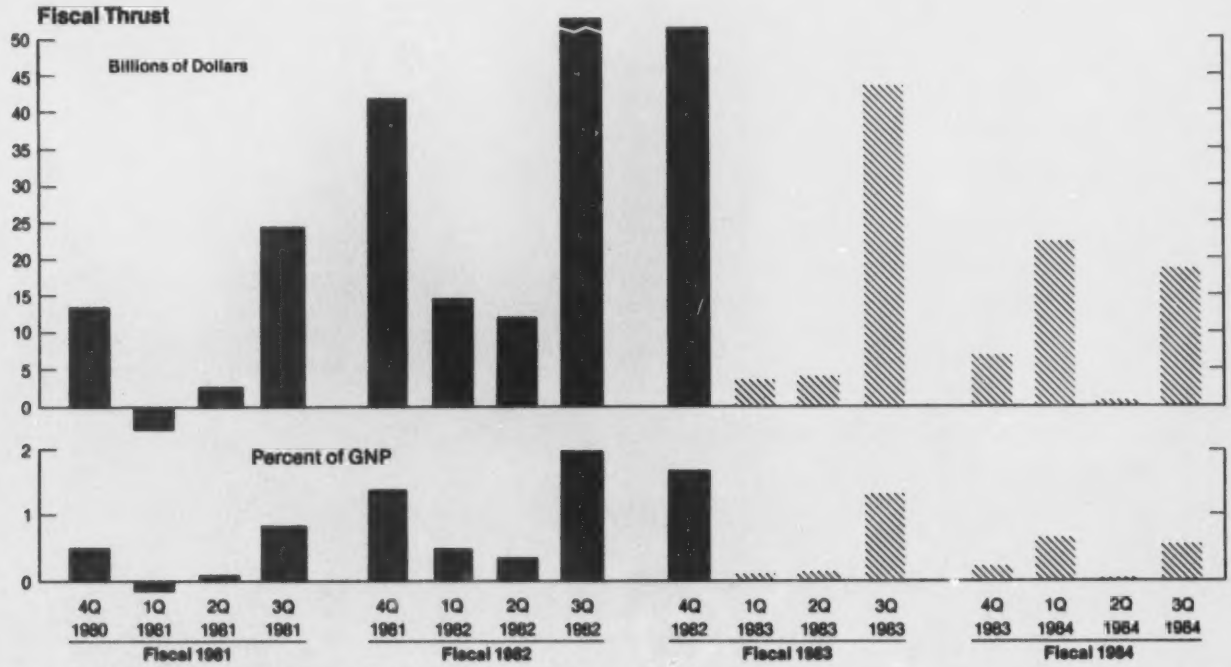
Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
($ Billions)

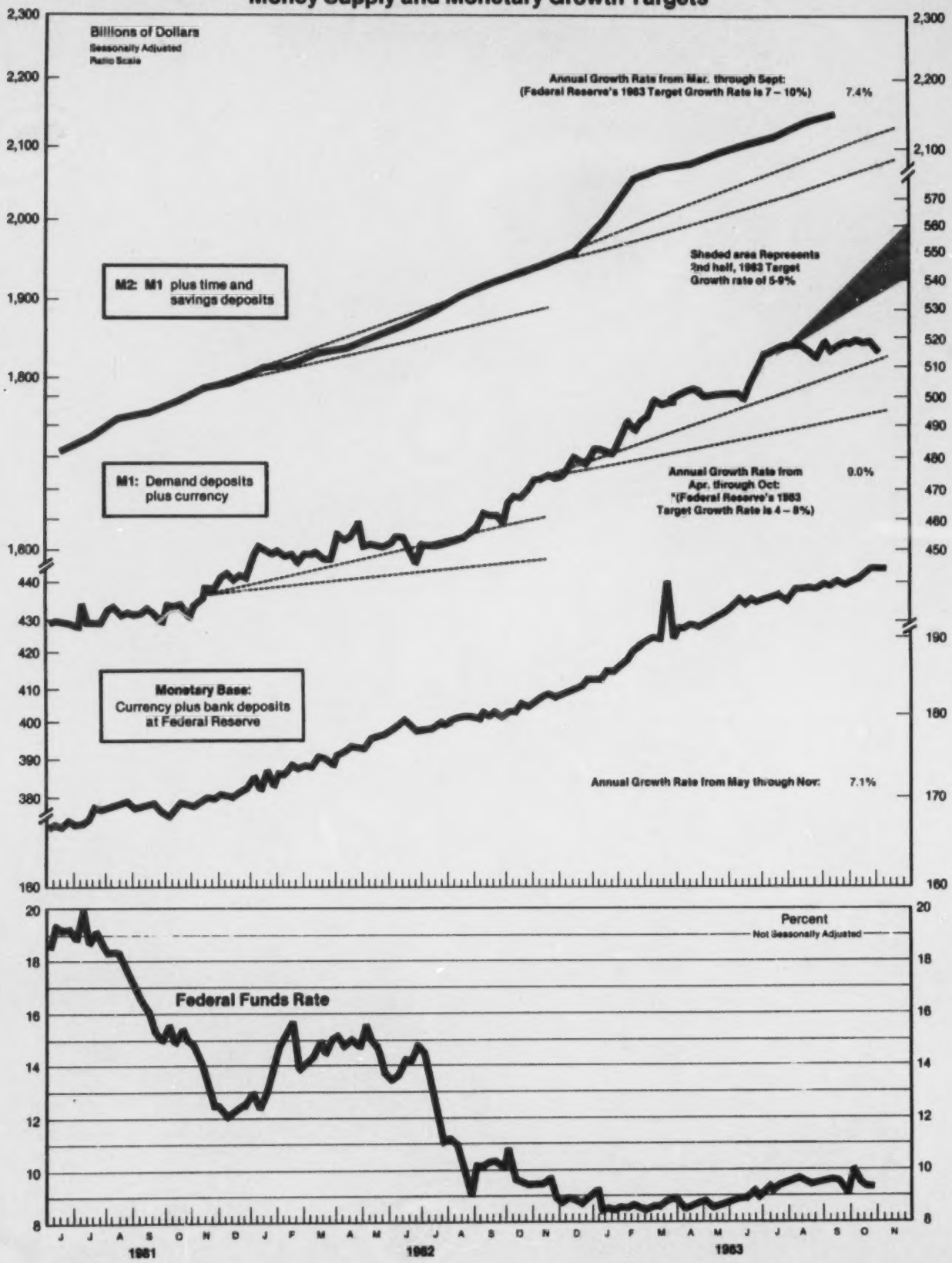
	Fiscal 1982	Fiscal 1983		Fiscal 1984		
	Actual (10/28/82)	President's Proposal (7/25/83)	Congressional Estimate (9/1/82)	Current Service (7/25/83)	President's Proposal (7/25/83)	Congressional Estimate (6/20/83)
Receipts	**$617.8**	**$599.9**	**633.0**	**665.6**	**668.4**	**679.6**
Outlays	**728.4**	**809.8**	**788.0**	**866.0**	**848.1**	**849.5**
Deficit	**−110.6**	**−209.8**	**−155.0**	**−200.4**	**−179.7**	**−169.9**
Receipts by source	**617.8**	**599.9**	**633.0**	**665.6**	**668.4**	**679.6**
Individual income taxes	298.1	288.5	298.0	294.6	296.0	
Corporate income taxes	49.2	35.2	47.0	64.1	64.1	
Social insurance	201.1	211.1	217.0	240.0	241.4	242.3
Other receipts	69.4	65.1	71.0	66.9	66.9	
Outlays by function	**728.4**	**809.8**	**788.0**	**866.0**	**848.1**	**849.5**
Income security	248.8	279.4	270.0	278.5	275.2	278.8
National defense	187.4	214.8	216.0	245.4	242.3	240.0
Health	74.0	82.3	79.0	92.4	90.5	92.6
Education and manpower	25.4	27.2	27.0	27.9	26.5	28.4
Transportation	20.6	21.1	20.0	28.0	25.9	26.0
Veterans' benefits	24.0	24.9	24.0	25.5	25.5	25.5
International affairs	10.0	11.0	13.2	13.1	13.5	13.0
Natural resources and environment	13.1	12.5	11.0	12.0	10.8	12.5
Agriculture	14.8	25.3	15.0	16.9	13.8	11.5
General science	7.1	7.8	8.0	8.2	8.3	8.3
Community development	7.4	7.4	8.0	7.9	7.8	8.1
Revenue sharing	6.2	6.4	6.0	6.6	6.8	7.2
General government	4.8	5.8	5.0	5.4	5.6	5.6
Justice	4.6	5.3	5.0	5.4	5.5	5.9
Energy	4.8	4.6	5.0	4.4	4.4	4.3
Commerce and housing credit	3.8	5.1	2.0	3.3	2.8	2.3
Interest	100.8	89.0	115.0	104.9	103.5	97.1
Allowances	—	—	−3.0	1.9	0.9	0.8
Undistributed offsetting receipts	−29.3	−19.9	−36.0	−20.0	−21.0	−18.1

Sources: Office of Management and Budget; Congressional Budget Office.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FB-81-3), The Conference Board, New York: 1980

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from Mar. through Sept: 7.4%
(Federal Reserve's 1983 Target Growth Rate is 7 – 10%)
Shaded area Represents 2nd half, 1983 Target Growth rate of 5-9%
M2: M1 plus time and savings deposits
M1: Demand deposits plus currency
Annual Growth Rate from Apr. through Oct: 9.0%
*(Federal Reserve's 1983 Target Growth Rate is 4 – 8%)
Monetary Base: Currency plus bank deposits at Federal Reserve
Annual Growth Rate from May through Nov: 7.1%
Percent
Not Seasonally Adjusted
Federal Funds Rate
1981
1982
1983

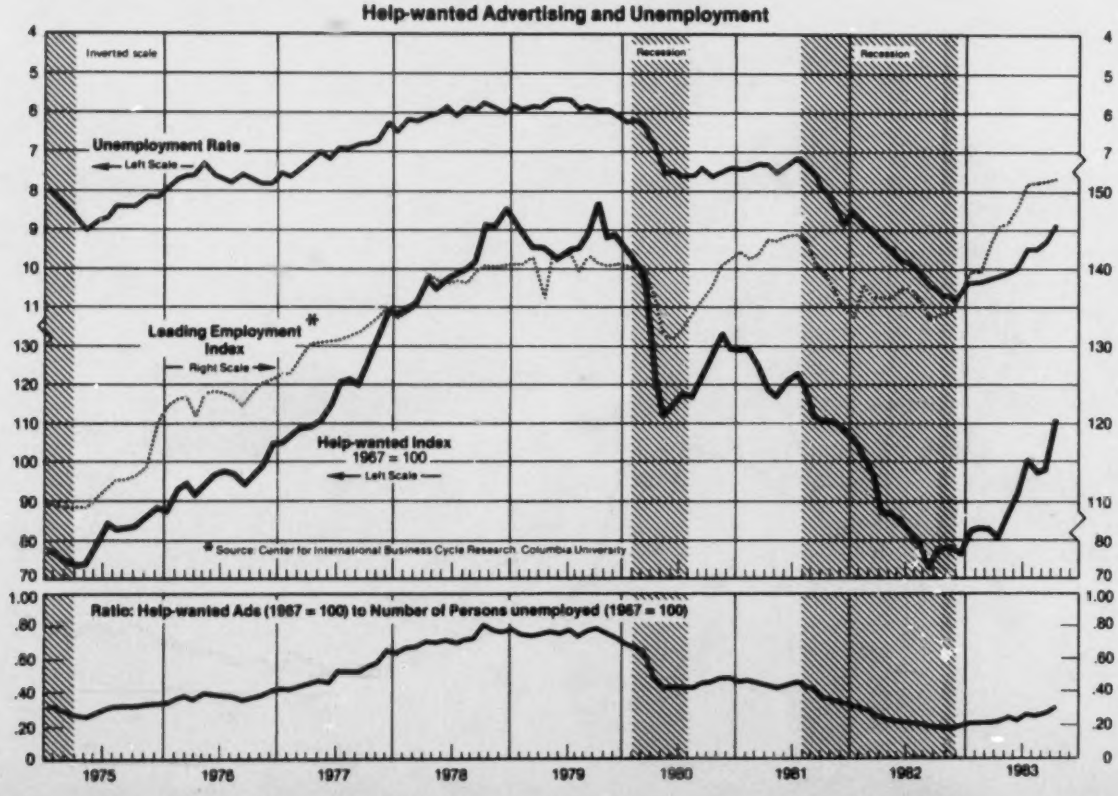
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1983			1982
	Sept.	Aug.	July	Sept.
Total Index 51 papers	98	97r	100	73
New England	102	103	108	73
Boston	115	114	121	79
Hartford	101	104	105	82
Providence	61	64	87	45
Middle Atlantic	48	50	53	42
Albany	85	90	88	70
Allentown	96	104	138	66
New York	46	46	45	41
Philadelphia	42	46	50	36
Pittsburgh	41	45	52	40
Rochester	46	50	63	45
Syracuse	68	69	78	61
East North Central	53	50	57	38
Chicago	63	49	54	38
Cincinnati	67	73	79	50
Cleveland	37	40	45	34
Columbus	73	76	83	60
Dayton	43	46	48	35
Detroit	37	36	52	26
Gary	83	80	96	85
Indianapolis	47	57	64	35
Milwaukee	38	37	41	29
Toledo	66	69r	68	60
West North Central	57	57	62	39
Kansas City	86	82	85	58
Minneapolis	45	45	51	28
Omaha	91	100	93	70
St. Louis	41	43	50	32
South Atlantic	111	114	123	77
Atlanta	189	186	202	120
Baltimore	72	89	77	56
Charlotte	98	103	108	65
Jacksonville	151	164	163	102
Miami	75	75	78	60
Richmond	65	66	79	47
Washington, D.C.	111	109	131	76
East South Central	91	94	103	70
Birmingham	96	101	111	74
Knoxville	149	150	144	125
Louisville	48	50	56	36
Memphis	84	86	89	65
Nashville	115	115	145	81
West South Central	226	219	222	180
Dallas	299	291	285	202
Houston	297	276	282	251
New Orleans	111	117	123	109
Oklahoma City	124	131	137	113
San Antonio	156	159	158	117
Tulsa	121	115	136	96
Mountain	209	204r	201	132
Denver	158	162r	160	102
Phoenix	281	255	261	162
Salt Lake City	206	212	198	149
Pacific	151	147	141	111
Los Angeles	117	119	109	88
Sacramento	228	225	228	184
San Bernardino	119	114	112	91
San Diego	301	272	273	205
San Francisco	164	152	147	113
Seattle	165	162	165	131
Percentage of papers with rising volume	35%	27%	90%	10%
Unemployment rate	9.3%	9.5%	9.5%	10.1%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised n.a.—not available

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1981	70.0	63.5	71.8	75.0	79.9	79.6	78.6	78.6	70.4	67.4	61.6	59.4
1982	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.7	54.8	53.5
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8r	85.2p		

Buying Plans Index

1981	87.5	90.5	98.0	85.9	84.8	89.5	78.7	96.7	90.3	86.2	89.8	99.2
1982	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0	75.3	66.7	80.5	75.2
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5r	107.8p		

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations

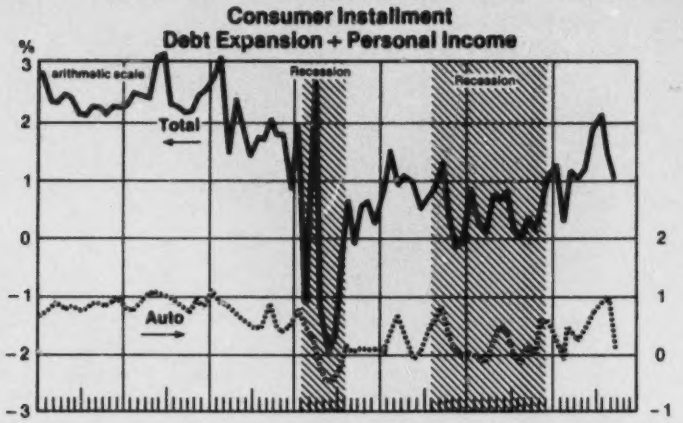
CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

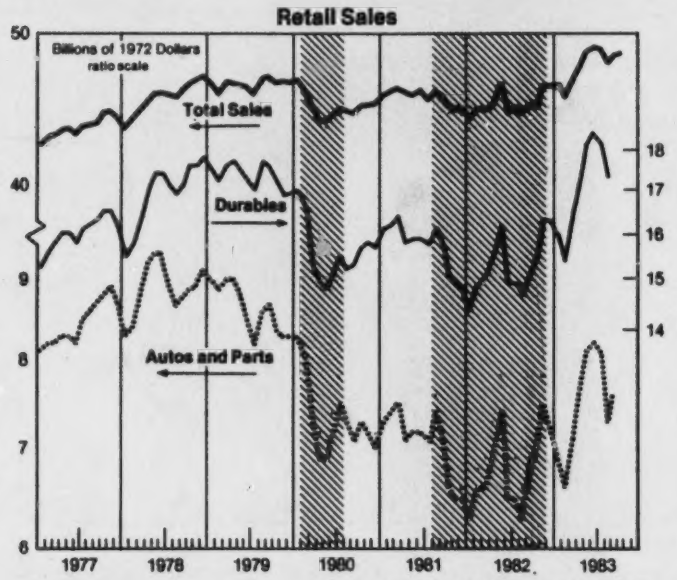
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary			Ratios			
			Purchasing Power (DPP)	Spending (DSP)	Saving (DSA)	(DSP)/(DPP)	(DSP)/(APP)	Total Saving/ (APP)	Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.9	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2452.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised





CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1980	1981	1982	1983
January:	1-10	7.87	6.27	5.68	6.34
	11-20	7.08	6.44	5.43	6.08
	21-31	9.17	6.74	5.17	5.89
February:	1-10	6.88	6.30	5.88	5.68
	11-20	8.28	5.65	5.61	4.93
	21-28(29)	6.36	7.70	5.54	5.55
March:	1-10	6.98	7.55	5.18	5.32
	11-20	7.18	9.29	5.24	5.62
	21-31	6.12	5.02	6.16	6.22
April:	1-10	7.02	6.18	5.11	6.76
	11-20	5.94	6.01	6.38	6.77
	21-30	5.90	6.22	5.77	6.52
May:	1-10	5.78	6.09	7.26	7.68
	11-20	6.10	6.84	7.47	7.25
	21-31	5.17	5.76	6.06	7.32
June:	1-10	5.95	6.50	6.51	7.83
	11-20	6.78	6.18	4.83	8.37
	21-30	6.74	6.35	5.17	8.25
July:	1-10	6.60	5.45	4.54	6.56
	11-20	6.41	6.78	5.88	7.78
	21-31	6.59	5.80	5.22	7.26
August:	1-10	5.44	7.08	5.18	7.27
	11-20	5.81	6.91	4.48	5.47
	21-31	6.00	7.38	5.58	5.79
September:	1-10	6.05	6.57	4.70	5.70
	11-20	5.58	6.09	6.95	7.43
	21-30	6.74	6.67	6.49	6.95
October:	1-10	7.60	4.98	5.09	7.33
	11-20	7.09	5.18	5.16	7.28
	21-31	6.49	5.32	5.68	7.17
November:	1-10	7.03	6.05	7.10	7.50
	11-20	7.10	4.93	6.94	
	21-30	6.11	8.75	6.49	
December:	1-10	6.88	4.98	5.64	
	11-20	7.08	4.88	6.62	
	21-31	5.81	5.03	6.46	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically). Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.